Policy and Operational Issues in the Direct Loan Program

We Help Put America Through School

Loan Origination

We Help Put America Through School
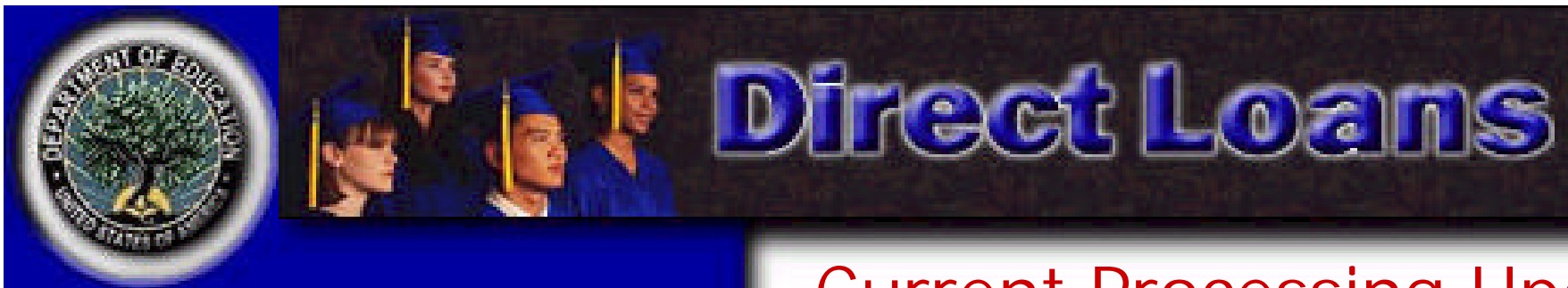
Current Processing Update

★Change Record Processing modifications

★What's New for 2000-2001

We Help Put America Through School

Review of 2000-2001

★ Promissory Notes

★ Disbursements

4

Promissory Notes

★ Master Promissory Note ID for all loans in 2001 uses a Loan Type of "M"

★ Any 2000-2001 loans linked to a 1999-2000 MPN will retain the original MPN ID with an "S" or "U" MPN indicator

★ The Loan Origination Record will be linked to the latest accepted and active promissory note for the borrower the LOC has on file

We Help Put America Through School

Disbursements

★20 Disbursements are allowed per loan

– This does not include PLUS Loans

– While EDExpress allows 20 disbursements, remember that it will only allow printing of a disclosure 12 disbursements or fewer

★The LOS will take disbursements out of order, however

– The first disbursement must come first

6

What's New for 2001-2002

We Help Put America Through School

MPN Flag on the ISIR

★A new field is being added to the ISIR that will indicate an MPN is on file

★Will the flag tell the difference between DL and FFEL?

We Help Put America Through School

E-Servicing

★ Loan Origination will collect student's e-mail addresses

★ Loan Servicing will uses the e-mail addresses to perform e-servicing

We Help Put America Through School

Disbursements

★ Disbursements can be taken out of order

★ There will be a flag on the disbursement record indicating if an out of order disbursement should be first

We Help Put America Through School

Report Scheduling

★ Each report that is sent to the schools will have a defined schedule that will be available to all schools

★ Schools will be able to determine which reports they want to receive

★ Schools can change the reports they receive as they feel necessary

11

Testing with Software Vendors

★ Initial testing will begin with the Intersystem testing for the 2001/2002 software changes in January 2001

★ New testing environment will be created

★ Test school ID will be used that will not be in the production system

★ New message classes are being created for testing

★ Schools that wish to use this process may also participate

We Help Put America Through School

Paperless Promissory Note

★ Pilot program is being created to determine the best way to use the new technology

★ Will be incorporated as a Web based process

We Help Put America Through School

New LO Web Page

★ Started on 4/3/2000

★ Access to batch and transaction information

★ Access to loan information by school ID

★ Schools control security processing

★ Currently have 400 Schools using the website

★ Access to Servicing through the LO Web Page

– Available in August/September

We Help Put America Through School

User Security

★School Financial Aid Officer calls the LOC

★The LOC will set up ONE person in the Financial Aid Office to be the school administrator via web application

★The school's administrator registers other school users via web application

★Recertification will occur annually

We Help Put America Through School

Home Page

We Help Put America Through School

Main Menu Page

We Help Put America Through School

Person and Loan Summary

We Help Put America Through School

Person and Loan Summary

We Help Put America Through School

Batch Information

We Help Put America Through School

Supporting Pages

We Help Put America Through School

Web Credit Request Process

★ Does not replace the current PLUS origination process

★ Only does one credit check at a time

★ Schools will need to obtain authorization from the parent

  – There is a PDF file located on the site that can be printed and signed by the parent

We Help Put America Through School

Web Credit Request Process

★ The institution will only receive an "Accept" or "Denied" answer

★ Each time the credit check is accessed, the data is recorded and stored

★ Each night the transactions are down loaded to the LOS

★ The LOS will create an acceptance letter or denial letter

23

★ EDExpress tracks PLUS credit decision status and date obtained by the school

★ Each attempt creates a line item on the borrower's credit history displaying "U. S. Department of Education"

We Help Put America Through School

Questions

★ If you have technical questions, please send them to:

loan_origination@mail.eds.com

★ Use a subject line of "Technical question"

★ Answers will be returned within 3 business days

★ If an answer cannot be given within 3 business days, you will be notified

★ Please include your name, organization, and a phone number

We Help Put America Through School

Loan Origination Contacts

★E-Mail Address:

 loan_origination@mail.eds.com

★School Relations at the LOC:

 1-800-848-0978

★School Relations Fax:

 1-800-557-7396

We Help Put America Through School

Loan Servicing

We Help Put America Through School

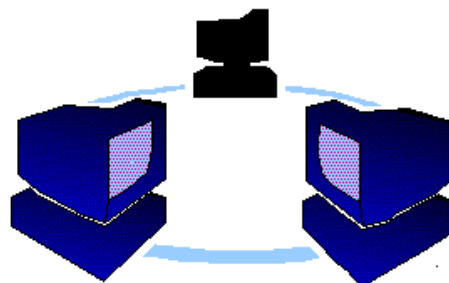# Direct Loan Web Site
www.dlservicer.ed.gov

Provide borrowers the ability to completely manage their Direct Student Loan accounts, from beginning to end, in a self-service environment via the Internet.

28

We Help Put America Through School

Our New Web Site Look!

Upcoming Web Site Features

We Help Put America Through School

Direct Loans Servicing Online

Exit Counseling

Indicates Items that
Require a PIN
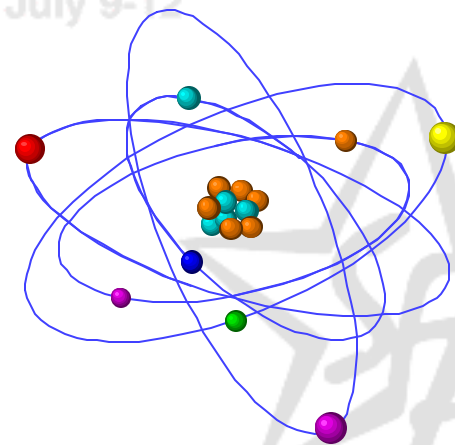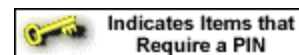
Account Management

★Features:

– School Link
– Add total indebtedness
– Page Navigation
– Repayment Estimator
– Pay Plan Change Page
– 70% to Pass Quiz
– New Graphics

Online Transactions

 Indicates Items that Require a PIN

Account Management

Features:

★ Automation of forms to DLSC to process...
  - Unemployment
  - General Forbearance

★ Pin to be used as signature

★ Web based hardship calculator

Direct Loans

Address Change | Exit Counseling | Online Transactions | Repayment Estimator

Account Management

Account Information
Account Management
Question Center
Download Forms
Home
Log Off

- **Economic Hardship Deferment**
  Download Form / Pre-Qualify — You must receive federal public assistance or earn less than a federal minimum wage or exceed a federally defined debt-to-income ratio.

- **Unemployment Deferment**
  Download Form / Pre-Qualify — You must be seeking but unable to find full-time employment (more than 30 hours per week) that is expected to last at least 3 months.

- **At Least Half-Time In-School Deferment**
  Download Form / Pre-Qualify — You must be enrolled at an eligible school as at least a half-time student.

- **Graduate Fellowship Program Deferment**
  Download Form — You must hold a Bachelor's Degree and be accepted/attending a Graduate Fellowship Program full-time for at least six

Web Site to Feature Other Enhancements:

★ E-Gain implementation

★ Web site survey

★ Apply for Income Contingent Plan

★ Accept Waiver form

★ Updated current deferment forms

★ Text updates throughout site
   (user-friendly and uniformity)

We Help Put America Through School
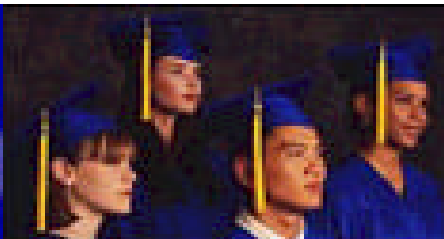
Direct Loans

About Us:

★ 1100 Employees
★ Two Facilities
★ 5 Million borrowers
★ $63 Billion Direct Loan Portfolio
★ 6.2M phone calls/year
★ 2.0M pieces of correspondence/year

How may I help you!

Customer Calls Received by DLSC (a/o June, 2000):

★ 19,039,172 Borrower Services
★ 1,650,502 Collections

We Help Put America Through School

34

Direct Loans

Borrower Profile

"At A Glance Today"

5 Million Active Borrowers

★ In School   1,589,808

★ In Grace   463,995

★ In Repayment   2,901,393

We Help Put America Through School

Why Do Borrowers Call?

Types of calls from customer…

Reasons for Call

★ **50% Deferments**

  – In School   Unemployment

  – Hardship   Other Deferment Types

★ **26% Repayment**

  – Balance Information

  – EDA Information

★ **12% Forbearance**

★ **12% Other Requests**

  – Pymt Plan/Cycle Change   Interest Info

  – Repay Plans Info   ICR Info

(Pie chart — values: 12%, 1%, 4%, 6%, 8%, 12%, 18%, 39%)

- ■ In School Deferment
- ■ Balance Info
- ■ Forbearance
- ■ EDA Info
- ■ Unemployment Def
- ■ Hardship Def
- ■ Other Deferments
- ■ Other Types of Request

36

We Help Put America Through School
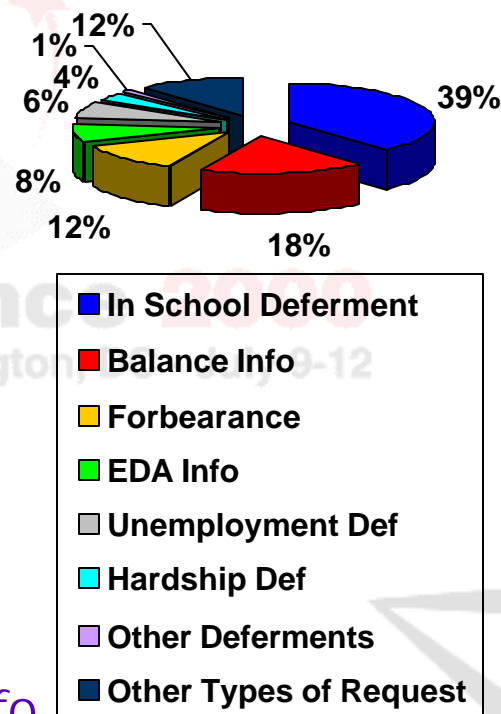
Customer Care Initiatives

Goal: To establish baseline to measure customer service levels.

★ Identify customer's characteristics for the web, VRU & telephone

★ Identify methods to perform customer product surveys

★ Re-evaluate written communication to customer

★ Utilize random sampling of customers to test new correspondence and products

★ Establish focus groups to identify customer needs

We Help Put America Through School

How to contact the
Direct Loan Servicing Center…

★Borrower Services 1-800-848-0979

★TDD   1-800-848-0983

★School Services   1-888-877-7658

★Loan Counseling   1-800-848-0981

★Web Site   www.dlservicer.ed.gov

We Help Put America Through School